

§ 20.101 Purpose and scope.

The regulations in this subpart establish procedures to implement 31 U.S.C. 3720A. This statute together with implementing regulations of the Internal Revenue Service (IRS) at 26 CFR 301.6402-6, authorizes the IRS to reduce a tax refund by the amount of a past-due legally enforceable debt owed to the United States. The regulations apply to past-due legally enforceable debts owed to the Department by individuals and business entities. The regulations are not intended to limit or restrict debtor access to any judicial remedies to which he/she may otherwise be entitled.

§ 20.102 Redelegation of authority.

Authority delegated by statute or IRS regulation to the Secretary or Department is redelegated to the heads of the Department's constituent agencies. This authority may be further redelegated as necessary to ensure the efficient implementation of these regulations.

§ 20.103 Definitions.

For purposes of this subpart:

(a) *Tax refund offset* refers to the IRS income tax refund offset program operated under authority of 31 U.S.C. 3720A.

(b) *Past-due legally enforceable debt* is a delinquent debt administratively determined to be valid, whereon no more than 10 years have lapsed since the date of delinquency, and which is not discharged under a bankruptcy proceeding or subject to an automatic stay under 11 U.S.C. 362.

(c) *Agency* refers to the constituent offices, administrations and bureaus of the Department of Labor.

(d) *Individual* refers to a taxpayer identified by a social security number (SSN).

(e) *Business entity* refers to an entity identified by an employer identification number (EIN).

(f) *Taxpayer mailing address* refers to the debtor's current mailing address as obtained from IRS.

(g) *Memorandum of understanding* refers to the agreement between the Department and IRS outlining the duties and responsibilities of the respective parties for participation in the tax refund offset program.

§ 20.104 Agency responsibilities.

(a) As authorized and required by law, each Department of Labor agency may refer past-due legally enforceable debts to IRS for collection by offset from any overpayment of income tax that may otherwise be due to be refunded to the taxpayer.

(b) Prior to actual referral of a past-due legally enforceable debt for tax refund offset, the DOL agency heads (or their designees) must take the actions specified in § 20.107 and, as appropriate, § 20.106 and § 20.108.

(c) DOL agency heads must ensure the confidentiality of taxpayer information as required by IRS in its *Tax Information Security Guidelines*.

§ 20.105 Minimum referral amount.

The IRS annually establishes the minimum amount for debts otherwise eligible for referral. Minimum referral amounts are established separately for individual debts and business debts, as set forth in the memorandum of understanding. The amount referred may include the principal portion of the debt, as well as any accrued interest, penalties and/or administrative cost charges.

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§ 20.106 Relation to other collection efforts.

(a) Tax refund offset is intended to be an administrative collection remedy of last resort, consistent with IRS requirements for participation in the program, and the costs and benefits of pursuing alternative remedies when the tax refund offset program is readily available. To the extent practical, the requirements of the program will be met by merging IRS requirements into the Department's overall requirements for delinquent debt collection.

(b) The debts of individuals of \$100 or more will be reported to a consumer credit reporting agency before referral for tax refund offset.

(c) Debts owed by individuals will be screened for salary and administrative offset potential using the most current information reasonably available to